



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Interim Chief Executive Officer

August 5, 2015

To: Audit Committee

From: Sachi A. Hamai
Interim Chief Executive Officer

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BOARD POLICY NO. 3.095 – CITY ANNEXATIONS AND SPHERES OF INFLUENCE AMENDMENTS: EXTENSION OF SUNSET REVIEW DATE AND REVISIONS TO THE POLICY

As required by Board Policy, we are recommending extending the sunset review date and approval of amended language for Board Policy No. 3.095 – **City Annexations and Spheres of Influence**. The amended language generally includes the following:

- (1) Extension of the sunset review date of the Policy to October 4, 2019;
- (2) Notification to the Board of Supervisors as soon as it has been determined that an annexation proposal will result in a net revenue loss to the County and prior to processing the required property tax transfer resolution;
- (3) Disclosure that the County may oppose an annexation, or seek to negotiate with a city whose annexation proposal contains commercial or industrial areas that will impact the County's revenues, or is otherwise inconsistent with the County's policy of encouraging orderly growth and development; and
- (4) Recommendation that an annexing city meet and confer with the County on a proposed annexation or Sphere of Influence (SOI) amendment, prior to submission of an annexation application to the Local Agency Formation Commission, if the proposed annexation or SOI amendment area is either in another city's SOI, or in no SOI.

The amended Policy has been reviewed by County Counsel and affected municipal services departments. Their comments and advisement have been considered in the revisions to the Policy. Attached is an edited version of the Policy, as required by Board Policy.

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The CEO's Office of Unincorporated Area Services (OUAS) has requested to be placed on the Audit Committee's August 20, 2015 agenda, so that staff will be able to respond to questions that the Committee may have.

If you have any questions or require further information, please contact Dorothea Park, Manager, OUAS, at (213).974-4283, or dpark@ceo.lacounty.gov.

SAH:TT:DSP
MJS:acn

Attachment (1)

c: Executive Office, Board of Supervisors
County Counsel

ATTACHMENT



Los Angeles County BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
3.095	City Annexations and Spheres of Influence	05/13/03

PURPOSE

Establish policies for the review and consideration of city annexation proposals and for the establishment and updating of city spheres of influence by the Local Agency Formation Commission, which determine where future annexations are likely to occur.

The County of Los Angeles supports and adopts the State of California's policy encouraging orderly growth and development which are essential to the social, fiscal, and economic well-being of the County. The County also supports the concept that urbanizing areas should have the option to attain municipal status through annexation, if so desired by area residents and not in conflict with County interests. Recognize that Los Angeles County is generally an urban county with a diverse population and a variety of communities, lifestyles and interests, and that unincorporated area residents may also choose to remain unincorporated under County government and not become part of a city.

In recognition of the population diversity and variation between unincorporated communities, the County will review and evaluate each city annexation proposal or sphere of influence (SOI) amendment on a case-by-case basis and negotiate with each city in good faith as needed, under the guidance of this policy to determine its fiscal, social, geographic, environmental and/or operational impacts on the affected unincorporated community(s) and the County of Los Angeles. Furthermore, it is County policy to provide assistance to residents of unincorporated areas in determining their preferred government structure alternatives.

Finally, while many unincorporated communities reflect distinct, mature, and cohesive identities; other areas are characterized as "islands" created as a result of historical incorporations and annexations. Providing municipal services may involve sending County staff across neighboring cities to respond to community needs. Ensuring the most cost-effective and responsive services to these areas may involve exploring such vehicles as contracts with surrounding/neighboring cities or expanding County services via contract to address the needs of a larger area.

REFERENCE

[Government Code Sections 25550.5 and 56000](#), et seq., Revenue and Taxation Code Section 99

May 13, 2003, [Board Order 31](#)

[December 4, 2007 Board Letter](#) continued to and approved at the January 15, 2008 Board

POLICY

Background:

- A. There are three general categories of local government services:
1. Regional Services are services provided by the County at a standard level to all County residents and properties. Regional services include public health, welfare and social service programs, the criminal justice system, property assessment, tax collection, voter registration and many others.
 2. Municipal Services are available countywide but are provided by cities, either directly or through contract, within their corporate boundaries, and by the County in unincorporated areas. Municipal services include law enforcement, road maintenance, animal control, land use planning, zoning enforcement and building inspection. Although service levels may differ between jurisdictions, all cities and the County provide some level of municipal services.
 3. Contract and Special District Services may be either additional, non-municipal types of services or a higher level of a municipal service. The County generally does not provide extended services out of general tax revenue, but can administer dependent taxing districts (e.g., assessment and benefit districts) to support extended services.
- B. Traditionally, cities have been incorporated, or their boundaries expanded, to encompass additional areas at the request of residents and/or property owners.
- C. Pursuant to State Revenue and Taxation Code Section 99, the County Board of Supervisors is responsible for negotiating property tax exchange resolutions with any city proposing to annex unincorporated territory.
- D. Heretofore, the Los Angeles County Board of Supervisors has not adopted a formal policy regarding city annexations. Nor has the Board adopted a master property tax exchange formula. However, an informal formula negotiated by the Chief Executive Office ([CEO](#)) and the Los Angeles League of Cities has been historically used.

Policies:

A. General Policies

1. The County encourages development of unincorporated areas in a manner that permits their assimilation into adjacent cities, should area residents desire annexation.
2. The County supports revenue allocations that equitably reflect the County's regional responsibilities, as well as the responsibilities of the County, cities and special districts for municipal and special district services.
3. In implementing this Policy, the County may encourage or discourage all or a

part of specific annexations or spheres of influence proposals based upon the impact on an unincorporated community's sense of identity, revenue base, land use planning and pattern of development, and/or impact on County-initiated programs to improve services and infrastructure in the area, so as to avoid premature annexations that may prejudice more favorable long-term government structures.

4. The County Board of Supervisors supports the concept of providing positive options to residents of unincorporated communities who desire a higher level of service, but prefer to remain unincorporated. Such options may include the use of assessment districts, the County budget process, local revitalization programs, contracts with neighboring cities, special planning standards or other mechanisms, as needed, subject to Board approval, and in most cases, subject to the approval of the affected communities.
5. Based upon the above policies, the County Board of Supervisors has determined that it is in the best interest of the County's unincorporated communities to review spheres of influence and annexation proposals on a case-by-case basis rather than to adopt master agreements or formulas relating to the allocation and/or exchange of revenues between the County and affected cities.

B. Annexation Policies

1. The County will oppose annexations that carve up or fragment an unincorporated community that has a strong sense of identity.
2. The County will oppose annexations of commercial or industrial areas that have a significant negative impact on the County's provision of services, unless the annexing city provides financial or other mitigation satisfactory to the County. If the CEO determines that a proposed annexation results or will result in a net revenue loss to the County, the CEO will notify the Board of Supervisors prior to the CEO's processing of the property tax transfer resolution.
3. The County may oppose or seek to negotiate an agreement where an annexation proposal seeks to annex unincorporated territory containing commercial or industrial areas that impacts County revenues or is otherwise inconsistent with the County's policy of encouraging orderly growth and development.
43. The County will seek to negotiate agreements with any city proposing to annex unincorporated territory to appropriately transfer Southern California Association of Governments (SCAG) Regional Housing Needs Assessment (RHNA) allocations from the unincorporated area to an annexing city. The County will oppose annexations with any city if agreement on the number of RHNA allocation units to be transferred from the County to the City is not reached prior to the Local Agency Formation Commission annexation hearing. The annexing City shall provide confirmation, in writing, of the mutually-agreed upon RHNA transfer.
- 5.4. Annexations that include areas where the County has established revitalization efforts and/or has committed significant resources for the benefit of the unincorporated community will be reviewed to determine the impact on

the County program(s) and may be opposed if the annexation will adversely impact the County's program(s).

65. The County may oppose annexations that would result in patterns of development that conflict with the County's land use plans and policies and/or would negatively impact, (as defined for each specific annexation), adjacent unincorporated areas.
67. The County will review annexation proposals to ensure that streets or other County local facilities that serve the annexing area are included so that the city assumes responsibility for maintaining these public facilities. When streets are the demarcation between jurisdictions, the City boundary should be to the centerline of the streets that form the boundary of their jurisdiction.
8. Pursuant to Government Code Section 25550.5, the County will seek to obtain agreement prior to the annexation on the transfer of ownership of local park and recreation facilities at the County's discretion, to the annexing city so that responsibility for programming and maintaining these facilities are assumed by the annexing city. If the annexing City refuses to take ownership of the park facilities, the County will take into consideration the County's annual cost for maintaining and programming these facilities and the property tax-, and potentially other revenues, amount to be transferred to an annexing City will be adjusted accordingly.
79. The cumulative impact of past city annexations on the County generally, and the affected unincorporated community specifically, will be considered by the Board of Supervisors.
- 810 The Board of Supervisors requests that any city initiating an annexation demonstrate support for the annexation by the affected landowners for uninhabited territory or registered voters for inhabited territory.
11. Upon receipt of an application for annexation, the County may prepare a fiscal analysis, as necessary

C. Unincorporated "Islands" Policies

1. The Board of Supervisors directs its staff to develop and maintain an inventory of unincorporated islands in urbanized areas that do not include residents or businesses, but consist of County roads, streets, flood channels or other public purpose lands and facilities. These island areas should be considered for annexation to adjacent cities.
2. The County will oppose annexations that involve only part of an unincorporated area island, if such an annexation would make it financially difficult for County departments to provide services to the remaining area. In addition, in order to create logical boundaries and improve service delivery to certain unincorporated area islands, the County will work with residents, property owners and the community to explore appropriate island annexation strategies for these areas.
3. The County ~~will~~ may periodically conduct "make-buy-sell-annex" assessments regarding the most cost-effective, responsive and community-desired manner in which municipal services are delivered to unincorporated "island"

communities.

4. These assessments ~~will~~may examine whether services could be provided more effectively by neighboring cities via contracts with the County or if County services could be expanded to other surrounding communities to achieve economies of scale. Formal annexation to a neighboring city or county will also be reviewed where relevant.
5. The desires and preferences of the residents of the affected "island" community will be a guiding factor in developing recommendations. As appropriate, residents will be provided with service comparison and related information regarding the potential annexation to a neighboring city.

D. Sphere of Influence Policies

1. The County Board of Supervisors supports the intent of Government Code Section 56425, *et seq.*, and will work with LAFCO and all of the cities of the County to review and update city spheres of influence according to its provisions which provide a process for negotiating agreements between the County and each city on sphere updates.
2. The County will include the above-stated policies as a component of the negotiating process for spheres of influence and may oppose any ~~sphere of influence~~SOI proposal that is inconsistent with those policies.
3. For any specific unincorporated territory, the County will oppose any city SOI that overlaps with another City's SOI. For any specific unincorporated territory, an SOI should only exist for one city, not multiple cities.
4. The County may consider an SOI proposal for an area that is either in another city's SOI or in no SOI. Prior to the submittal of an application to LAFCO amending an SOI for an area that is already within another city's SOI or in no SOI, the County requests the proposer of the SOI amendment to: (1) obtain written approval from the city in whose SOI the area currently exists, if necessary; (2) consult with LAFCO; and (3) consult with the County and obtain written approval of the proposed SOI amendment.

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RESPONSIBLE DEPARTMENT

Chief Executive Office

DATE ISSUED/SUNSET DATE

Issue Date: May 13, 2003
Review Date: September 20, 2007
Review Date: October 4, 2011
Review Date: August 5, 2015

Sunset Review Date: May 13, 2007
Sunset Review Date: May 10, 2011
Sunset Review Date: October 4, 2015
Sunset Review Date: October 4, 2019